



Review of Community Improvement District Policy

**Office of Urban Development
August 23, 2011**

Community Improvement Districts (CID)

- Enabling Legislation Passed in 2009

- ▶ Allows cities or counties to assist real estate developers without jeopardizing tax base
- ▶ Places burden of financing on the specific real estate development project:
 - Special sales tax (up to 2%)
 - Special assessment property tax
- ▶ Financing for up to 22 years
 - City bonds
 - Pay-as-you-go
- ▶ Covers all capital costs, many operating costs

CID Permitted Uses Under Law

Full scope of private and public development costs:

- ✓ Land, buildings, structures and facilities
- ✓ Site improvements and infrastructure
- ✓ Parking garages
- ✓ Streetscape
- ✓ Parks, lawns, trees and other landscaping
- ✓ Info booths, bus stops, stations, terminals, etc.
- ✓ Public art
- ✓ Airports, railroads, mass transit facilities
- ✓ Water features (lakes, dams, drainage, etc.)
- ✓ City administrative fee (up to 5% of project cost)
- ✓ On-going operating costs (security, events, mktg., etc.)

Original CID Policy Details

(as outlined in policy approved by City Council on April 6, 2010)

Wichita CID Policy	State Law Allows
Requires 100 % petitions and public hearings for all CID projects	Petition by 55% of landowners, Waiver of public hearing with 100% petitions
Allows special obligation CID bonds but prohibits the use of full faith and credit (GO) bonds	Allows both full faith and credit and special obligation CID bonds
Requires gap analysis to demonstrate a financial need for all CID projects except those funded with CID sales taxes on a “pay-as-you-go” basis	Gap analysis not required
Limits the use of the CID program to commercial, industrial and mixed-use projects with total costs limits: <ul style="list-style-type: none">• \$500,000 for “pay-as-you-go” projects• \$2,000,000 for bonded projects	No limit on project type or minimum project cost

Amended CID Policy

(by City Council on April 20, 2010)

- ▶ **Eliminates the requirement to determine a financial need for use of CID financing for any development project if the financing is on a pay-as-you-go basis**
- ▶ **Eliminated requirement for cost-benefit analysis**

Revised CID Policy

(by City Council on December 7, 2010)

- ▶ **Allows CID special assessments in residential developments when consistent with PROS Plan.**
- ▶ **Allows collateral assignment of all CID revenue rights.**
- ▶ **Caps total reimbursement at 125% of the estimated amount of CID sales tax revenues**
- ▶ **Requires on-going public disclosure**
 - **All businesses within a district must post sign on entry**
 - **City maintains a website for active CID district information: www.wichita.gov/CID**
- ▶ **Requires a public purpose statement in the petition**



Current CID Projects



Current Approved Districts

1. Central & Oliver
2. WaterWalk Hotel
3. Maize 54
4. Broadview Hotel
5. Greenwich & K-96

Central & Oliver



Central & Oliver

- ▶ **Approved August, 2010**
 - 1% sales tax – pay-as-you-go
 - \$12,500,000 maximum cost reimbursement
- ▶ **Redevelopment of declining intersection**
- ▶ **Provides new use for old Dillon's Store and brings additional retail to area**
- ▶ **Status:**
 - Leasing activity underway
 - Demolition has begun
 - Construction to begin in 6 months to 1 year

WaterWalk Hotel



WaterWalk Hotel

- ▶ **Approved August, 2010**
 - 2% sales tax – pay-as-you-go
 - \$9,600,000 maximum cost reimbursement
- ▶ **Provides new 130-room hotel in the WaterWalk development and downtown**
- ▶ **Funding needed for quality hotel development**
- ▶ **Status:**
 - Opened July 2011 as Fairfield Inn and Suites Hotel
 - CID tax being collected



Maize 54



Maize 54 (Bowllagio)

- ▶ **Approved September, 2010**
 - 2% sales tax – pay-as-you-go
 - \$45 million maximum cost reimbursement
- ▶ **Family Entertainment Center is a regional tourist attraction**
- ▶ **Provides assistance in development of a difficult piece of ground to develop**
- ▶ **Status:**
 - Project still in early development stage
 - Tenants being recruited
 - Finalizing financing for Bowllagio

Broadview Hotel



Broadview Hotel

- ▶ **Approved October, 2010**
 - 2% sales tax – pay-as-you-go
 - \$2,680,000 maximum cost reimbursement
- ▶ **Financed renovation of historically significant downtown hotel**
- ▶ **Source of financing for developer when other financing sources were reduced**
- ▶ **Status:**
 - Hotel reopened August, 2011
 - CID tax being collected

Greenwich & K-96

K96 HWY

K96 RAMP

GREENWICH RD

Greenwich & K-96 (Cabela's)

- ▶ **Approved March, 2011**
 - 1.2% sales tax – pay-as-you-go
 - \$17,200,000 maximum cost reimbursement
- ▶ **Retailer is a regional tourist attraction**
- ▶ **Source of funding for completion of K-96 ramps**
- ▶ **Status:**
 - Construction in progress
 - Scheduled to open Spring 2012

Other Districts Considered

▶ Planeview

- Approved by Council
 - Provided needed grocery store to area
- Withdrawn following County Veto of TIF District

▶ Eastgate

- Not approved by Council
- Discussion centered on lack of public purpose

Discussion



Key Issues: Sunset

- ▶ **Should the City's use of CID have a sunset?**
 - **Developers supported CID as tool to assist development through difficult financial times.**

Key Issues – Public Purpose Criteria

- ▶ **Projects that rehab older centers**
- ▶ **Projects already financed and underway**
- ▶ **Projects to support tourism**
- ▶ **Projects that support Implementation of Neighborhood Plans**
 - e.g. Project Downtown
- ▶ **Projects with site challenges/issues**
- ▶ **Other**

Next Steps?